



U.S. Congressman

Dave Obey

Farm Bill Update: A Fair Deal for Wisconsin Dairy Farmers?

May 2002

Wisconsin's 7th District

Dear Friend,

Because things are moving so fast, this may be outdated by the time it reaches you, but I wanted to give you a report on what we have been trying to do on the Farm Bill.

Sincerely,

Dave Obey
Dave Obey

Dairy Still Not Resolved in Farm Bill Negotiations

As of this writing, in late-April 2002, Farm Bill negotiators are still trying to resolve issues on which differences still remain. One of those issues is dairy.

As you probably know, for the past 3 years, Senator Kohl and I have worked to win **supplemental payments for dairy farmers to help combat low dairy prices**. Over that period, **Wisconsin farmers received \$207 million in supplemental payments**.

With reauthorization of the Farm Bill before Congress, we have now focused on trying to develop a **more permanent solution to the problem of low prices** in the form of a counter cyclical program that kicks in with payments when milk prices fall. Unfortunately, during floor debate on the House version of the farm bill late last year, the **amendment I offered with Congressman Bernie Sanders of Vermont fell just 15 votes short of passage** in the House. This was the only dairy proposal considered in the House. However, in the Senate a number of variations of this proposal were considered and a **proposal for \$2 billion was included in the Senate-passed bill**, largely through the efforts of Senators Kohl and Feingold.

Update: Farm Bill Negotiations

That Senate dairy plan was abandoned by Farm Bill negotiators. It was replaced with a proposal for a program that would **establish \$16.94 as the base price for fluid milk**. If the price for fluid milk drops below \$16.94, then **payments would be made to farmers**

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Dairy Compacts: Gone But Not Forgotten?



The Northeast Dairy Compact was originally authorized in the 1996 Freedom to Farm legislation as an 18-month **temporary program**. After a number of frustrating efforts over the past few years when the House Leadership kept it alive by repeatedly extending it, we seem to have finally buried it, along with proposals to expand it to as many as 38 states.

But since this Compact appears to have had more lives than the average farm cat, you can never be sure. However, working with Congressman Jim Sensenbrenner and other members of the Wisconsin delegation, we blocked efforts to extend it in the budget bill for the Department of Agriculture last year. Subsequently, we blocked it a second time when the Farm Bill came to the House floor for a vote. Right now, **there is no Compact plan under consideration by Farm Bill negotiators**, and I will continue fighting with other members of the Wisconsin delegation to keep it that way.



I spoke with Wisconsin farmers in Milladore last summer at the Wisconsin Farmers Union's Rural Unity Day when the Farm Bill rewrite was just beginning. Then, as now, fairness for dairy farmers was Priority One.

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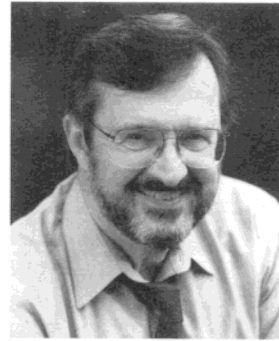


David L. Obey

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Wisconsin's 7th District



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based upon production up to a certain level. One of the issues still unresolved is what level to set the production "cap" upon which farmers can receive benefits.

I could support a plan such as this if it meets **three conditions**: first, the cap should be set low enough to **ensure that the benefits are targeted to smaller producers**; second, it should **ensure that Wisconsin farmers are treated equitably**, and that a farmer with

50 or 100 cows in Wisconsin can expect to receive the same benefits as a dairy farmer with the same number of cows elsewhere in the country; and third, the plan **should have some provision for supply management when there is a over-production** in the industry.

I have not voted for a farm bill in the last decade because they have not treated Wisconsin farmers equitably. Let's hope that will change this year.

DAIRY CHRONOLOGY

A. SUPPLEMENTAL DAIRY PAYMENTS

October 1998. To combat low dairy prices, Senator Kohl and I won \$200 million in Supplemental Dairy Payments as part of Omnibus Budget legislation. When payments were made in June 1999, Wisconsin farmers received about \$44 million.

October 1999. We win a 2nd round of supplemental dairy payments as part of Agriculture budget bill for 2000, providing \$125 million to dairy farmers. Payments are made in April 2000, including \$26 million for Wisconsin dairy farmers.

October 2000. We win a 3rd round of dairy payments, providing \$667 million in the 2001 Department of Agriculture budget, including \$137 million to Wisconsin dairy farmers. Payments are made around Christmas 2000. Under the three rounds of the supplemental dairy payments program, **a Wisconsin dairy farmer with 60 cows would have received more than \$10,000.**

B. 2002 FARM BILL

October 4, 2001. Bernie Sanders (I-VT) and I offer an amendment to House Farm Bill to require \$17.50 floor on Class I (fluid) milk and \$14.50 floor on Class III (cheese).

Benefits under the proposal are pooled nationally to ensure that a 50 cow-farmer in Wisconsin gets paid the same as a similar-sized farmer in Florida, New York

or Texas. Payments are made on production of about 300 cows. The measure gets 194 votes but is defeated. As such, the House bill includes no supplemental payments or improved safety net for dairy farmers. I voted NO on House passage.

November 2001. Senate Agriculture Committee approves Farm Bill which includes Leahy Dairy provision, a version of the Obey-Sanders plan for a better safety net.

December 2001. Following the opposition of southern and western Senators, and of the White House, the Senate adopts a revised dairy plan, which includes \$2 billion for dairy farmers over 3 years. The proposal provides \$500 million for 12 northeastern states and **\$1.5 billion for the remaining 38 states.**

February 2002. Senate passes Farm Bill.

April 2002. House/Senate negotiators meet to resolve differences. House rejects Senate dairy plan and offers a national, counter-cyclical alternative establishing payments to dairy farmers, based upon first 1.8 million pounds of production annually, when Class I (fluid) prices drop below \$16.94 in Boston. **Payments are pooled nationally to ensure that a 50-cow farmer in Wisconsin get the same benefits as same-sized farmers in other regions.**